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San Jose Mercury News (California)

February 7, 2007 Wednesday

January's tax revenue falls below expectations

Mercury News Wire Services

Personal income tax receipts coming into the state in January fell \$1.3 billion below Gov. Arnold Schwarzenegger's revenue estimates in the spending plan he released last month, the state controller said Tuesday.

The lower-than-expected revenue raises questions about whether Schwarzenegger will reach his stated goal of eliminating the state's net operating deficit in the budget year beginning in July.

The governor's proposed 2007-08 budget assumes tax revenue in the current budget year would grow by \$1.1 billion, or 1 percent. In the coming fiscal year, Schwarzenegger also assumed a \$6.8 billion boost, or 7 percent increase.

State Controller John Chiang speculated that the state's slumping housing market might be a cause of the revenue decline. He also said revenue other than personal income tax rose in January, leaving the state short about \$710 million for the month.